

**Registered Number: 3526126**

**Cliniserve Holdings Limited**  
**Report of the Directors and**  
**Financial Statements**  
**for the Year Ended 30 April 2007**

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**Clinserve Holdings Limited**

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for the Year Ended 30 April 2007**

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**Cliniserve Holdings Limited**  
**Company Information**  
**for the Year Ended 30 April 2007**

**DIRECTORS:**

S A Wingate  
J D Geary  
S W S Barnes  
G G A Diedrichs  
E G Falkman  
N R L Fry

**SECRETARY:**

S W S Barnes

**REGISTERED OFFICE:**

Vinnetrow Business Park  
Vinnetrow Road  
Chichester  
West Sussex  
PO20 1RW

**REGISTERED NUMBER**

3526126 (England and Wales)

**AUDITORS**

Monahans  
Registered Auditors  
Chartered Accountants  
1 St John's Square  
Glastonbury  
Somerset  
BA6 9LJ

## Cliniserve Holdings Limited

### Report of the Directors for the Year Ended 30 April 2007

The directors present their report with the financial statements of the company for the year ended 30 April 2007

#### PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a non-trading investment holding company

#### REVIEW OF BUSINESS

The company is the holding company for Cliniserve Limited ('Cliniserve')

Cliniserve contracted with the National Health Service and others for the collection and disposal of clinical and associated waste from over 10,000 healthcare locations in Britain

The year ended 30 April 2007 saw the continuation of the development of Cliniserve through pursuing additional sales contracts, optimising its transport operations, strengthening relationships with key suppliers and investing to establish its first waste treatment facility. The financial statements describe this development during the year. As regards all the aspects referred to, this has continued subsequently.

Pre-eminently the principal risk facing Cliniserve was that it might be unable to obtain sufficient access to licensed clinical waste disposal facilities at which to offload the waste it collected under contract. Cliniserve, on its own behalf and on that of its customers, controlled and contained this risk through negotiated agreements with operators of disposal facilities and through the development of waste processing facilities under its ownership and control.

The directors consider that the performance and position of the company's business is readily understandable without reference to any key performance indicators.

#### DIRECTORS

The directors shown below have held office during the whole of the period from 1 May 2006 to the date of this report

S A Wingate  
J D Geary  
S W S Barnes  
E G Falkman  
N R L Fry

G G A Diedrichs was appointed on 26 November 2006

The beneficial interests of the directors holding office on 30 April 2007 in the issued share capital of the company were as follows

	30 4 07	1 5 06
<b>Ordinary £1 shares</b>		
S A Wingate	243,812	243,812
J D Geary	-	-
S W S Barnes	31,813	31,813
G G A Diedrichs	12,500	-
E G Falkman	-	-
N R L Fry	7,250	7,250

175,625 shares were registered to Belgravia Securities Limited, a company controlled by S A Wingate. These are included above.

During the year J D Geary exercised an option to subscribe 12,500 £1 ordinary shares at a price of £2 per share. At 30 April 2007 he held an option exercisable between 1 May 2008 and 9 January 2016 to subscribe up to 8,264 £1 ordinary shares at a price of £12.10 per share and an option which was granted to him during the year exercisable between 1 November 2009 and 1 January 2017 to subscribe up to 28,868 £1 ordinary shares at a price of £12.10 per share.

**Cliniserve Holdings Limited**  
**Report of the Directors**  
**for the Year Ended 30 April 2007**

At 30 April 2007 options exercisable between 1 May 2008 and 9 January 2016 to subscribe £1 ordinary shares at a price of £12.10 per share were held by the following other directors

**Number of Shares**

S W S Barnes	3,306
E G Falkman	7,138
N R L Fry	7,138

**DIVIDENDS**

No dividend is recommended

**FINANCIAL INSTRUMENTS**

The company's financial instruments comprise cash at bank, overdraft and bank loans. The main purpose of these financial instruments is to raise adequate finance for the company's operations.

The main risks arising from the company's financial instruments are interest rate fluctuations and liquidity risk. It is the company's policy to finance its operations through a mixture of cash and borrowings and to review periodically the mix of these instruments with regard to the projected cash flow requirements of the company and an acceptable level of risk exposure.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Cliniserve Holdings Limited**

**Report of the Directors  
for the Year Ended 30 April 2007**

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

**AUDITORS**

The auditors, Monahans, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985

**ON BEHALF OF THE BOARD**



S W S Barnes - Secretary

Date 28 November 2007

**Report of the Independent Auditors  
to the Shareholders of Cliniserve Holdings Limited**

We have audited the financial statements of Cliniserve Holdings Limited for the year ended 30 April 2007 on pages 6 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

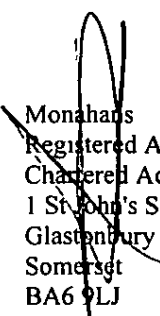
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements.

  
Monahans  
Registered Auditors  
Chartered Accountants  
1 St John's Square  
Glastonbury  
Somerset  
BA6 9LJ

Date 17 December 2007

**Cliniserve Holdings Limited**

**Profit and Loss Account  
for the Year Ended 30 April 2007**

	Notes	30 4 07 £	30 4 06 as restated £
<b>TURNOVER</b>		-	-
Administrative expenses		<u>4,407</u>	<u>120,689</u>
		(4,407)	(120,689)
Other operating income		<u>-</u>	<u>255,000</u>
<b>OPERATING (LOSS) / PROFIT</b>	<b>3</b>	<b>(4,407)</b>	<b>134,311</b>
Interest receivable and similar income		<u>38</u>	<u>65</u>
		(4,369)	134,376
Interest payable and similar charges		<u>-</u>	<u>-</u>
<b>(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(4,369)</b>	<b>134,376</b>
Corporation tax credit	<b>4</b>	<u>4,321</u>	<u>100,071</u>
<b>(LOSS) / PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<b>(48)</b>	<b>234,447</b>
Retained loss brought forward		<u>(538,960)</u>	<u>(773,407)</u>
<b>RETAINED LOSS CARRIED FORWARD</b>		<u><b>(539,008)</b></u>	<u><b>(538,960)</b></u>

**CONTINUING OPERATIONS**

None of the company's operations was acquired or discontinued during the current year or previous year

The notes form part of these financial statements



**Cliniserve Holdings Limited**

**Statement of Total Recognised Gains and Losses  
for the Year Ended 30 April 2007**

	30 4 07	30 4 06 as restated
	£	£
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	<b>(48)</b>	<b>234,447</b>
	<hr/>	<hr/>
<b>TOTAL RECOGNISED LOSSES AND GAINS RELATING TO THE YEAR</b>	<b>(48)</b>	<b>234,447</b>
	<hr/>	<hr/>
Prior year adjustment	Note 11	
	<b>(88,375)</b>	
	<hr/>	
<b>TOTAL LOSS RECOGNISED SINCE LAST ANNUAL REPORT</b>	<b>(88,423)</b>	
	<hr/>	

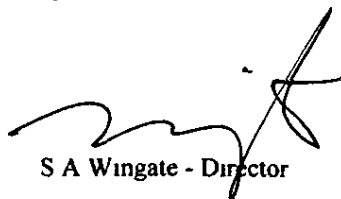
The notes form part of these financial statements

**Cliniserve Holdings Limited**

**Balance Sheet  
30 April 2007**

		30 4 07		30 4 06 as restated	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Investments	5		1,491,000		1,491,000
<b>CURRENT ASSETS</b>					
Debtors	6	37		37,907	
Cash at bank and in hand		<u>2,770</u>		<u>2,763</u>	
		2,807		40,670	
<b>CREDITORS</b>					
Amounts falling due within one year	7	<u>240,165</u>		<u>302,980</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(237,358)</u>		<u>(262,310)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,253,642</u>		<u>1,228,690</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	8		669,750		657,250
Share premium	9		1,250,750		1,238,250
Share option reserve	9		-		126,250
Employees trust	9		(254,100)		(254,100)
Profit and loss account	9		<u>(412,758)</u>		<u>(538,960)</u>
<b>SHAREHOLDERS' FUNDS</b>	10		<u>1,253,642</u>		<u>1,228,690</u>

The financial statements were approved by the Board of Directors on 28 November 2007 and were signed on its behalf by

  
S A Wingate - Director

  
S W S Barnes - Director

The notes form part of these financial statements

**Cliniserve Holdings Limited**  
**Cash Flow Statement**  
**for the Year Ended 30 April 2007**

		30 4 07		30 4 06 as restated	
	Notes	£	£	£	£
<b>Net cash (outflow)/inflow from operating activities</b>	15		(15,591)		238,133
<b>Returns on investments and servicing of finance</b>	16		38		65
<b>Taxation</b>			<u>42,196</u>		<u>80,137</u>
			26,643		318,335
<b>Financing</b>	16		<u>(26,636)</u>		<u>(316,424)</u>
<b>Increase in cash in the year</b>			<u>7</u>		<u>1,911</u>
<hr/>					
<b>Reconciliation of net cash flow to movement in net funds</b>	17				
Increase in cash in the year			7		1,911
Cash outflow from decrease in debt			<u>-</u>		<u>-</u>
Change in net funds resulting from cash flows			<u>7</u>		<u>1,911</u>
<b>Movement in net funds in the year</b>			7		1,911
<b>Net funds at 1 May</b>			<u>2,763</u>		<u>852</u>
<b>Net funds at 30 April</b>			<u>2,770</u>		<u>2,763</u>

The notes form part of these financial statements

# Cliniserve Holdings Limited

## Notes to the Financial Statements for the Year Ended 30 April 2007

### 1 ACCOUNTING POLICIES

#### Accounting convention

The financial statements have been prepared under the historical cost convention

#### Exemption from preparing consolidated financial statements

The financial statements contain information about Cliniserve Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 248 of the Companies Act 1985 from the requirements to prepare consolidated financial statements

#### Employees Trust

The net assets of the Employees Trust are consolidated with those of the company. The cost of shares in the company owned by the Employees Trust is deducted in arriving at Shareholders' Funds. Other assets of the Employees Trust are noted as 'restricted funds'

#### Deferred tax

Deferred tax assets and liabilities arise from timing differences between the recognition of losses and gains in the accounts and their recognition for corporation tax purposes. Such assets and liabilities are recognised in respect of all timing differences that have originated but not reversed at the balance sheet date that may give rise to an obligation to pay less or more tax in the future

#### Share Based Payments

The intrinsic value of options to subscribe £1 ordinary shares which the company has granted since 7 November 2002 to employees and others who have provided services to it is recognised as an expense while each option remains unexercised. The corresponding credit is recognised in the share option reserve

### 2 STAFF COSTS

There were no staff costs during the year ended 30 April 2007. In the year ended 30 April 2006 (as restated) £66,447 was recognised as an expense in relation to share options granted in the prior year (see Note 11)

### 3 OPERATING (LOSS)/PROFIT

The operating loss (2006 - operating profit) is stated after charging

	30 4 07 £	30 4 06 £ as restated
Auditors' remuneration	1,800	1,900
Director's emoluments	-	-

### 4 TAXATION

#### Analysis of the tax credit

The tax credit on the profit on ordinary activities for the year was as follows

	30 4 07 £	30 4 06 as restated £
Current tax		
UK corporation tax	(42,196)	(80,137)
Deferred tax	<u>37,875</u>	<u>(19,934)</u>
Tax credit on ordinary activities	<u>(4,321)</u>	<u>(100,071)</u>

**Cliniserve Holdings Limited**  
**Notes to the Financial Statements**  
**for the Year Ended 30 April 2007 - continued**

**4 TAXATION - continued**

**Factors affecting the tax credit**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	30 4 07	30 4 06 as restated
	£	£
(Loss)/Profit on ordinary activities before tax	<u>(4,369)</u>	<u>134,326</u>
(Loss)/Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 - 30%)	(1,311)	40,313
Effects of		
Expenses disallowed	509	20,118
Income disallowed	-	(76,500)
Marginal relief	(3,519)	(6,738)
Sch 23 FA 2003 deduction	<u>(37,875)</u>	<u>(57,330)</u>
Current tax credit	<u>(42,196)</u>	<u>(80,137)</u>

**5 FIXED ASSET INVESTMENTS**

The company's investments at the balance sheet date comprised 100% of the share capital of Cliniserve Limited, an unlisted company which collects and disposes of clinical waste. Its profit for the year ended 30 April 2007 was £467,399 (30 April 2006 - £541,647). Its aggregate share capital and reserves were £2,395,647 (30 April 2006 - £1,928,248).

**6 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	30 4 07	30 4 06 as restated
	£	£
Other debtors	37	32
Deferred tax asset	-	37,875
	<u>37</u>	<u>37,907</u>

The deferred tax asset was in respect of the share option reserve (see Note 11)

**7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	30 4 07	30 4 06 as restated
	£	£
Accrued expenses	28,450	39,629
Amounts owed to subsidiary company	<u>211,715</u>	<u>263,351</u>
	<u>240,165</u>	<u>302,980</u>

# Cliniserve Holdings Limited

## Notes to the Financial Statements for the Year Ended 30 April 2007 - continued

### 8 SHARE CAPITAL

Authorised Number	Class	Nominal value £1	30 4 07 £	30 4 06 as restated £
1,360,000	Ordinary		<u>1,360,000</u>	<u>1,360,000</u>
Allotted, issued and fully paid Number	Class	Nominal value £1	30 4 07 £	30 4 06 as restated £
669,750 (30 04 06 – 657,250)	Ordinary		<u>669,750</u>	<u>657,250</u>

12,500 £1 ordinary shares were allotted as fully paid at a premium of £1 00 per share during the year on exercise of an option

During the year an option was granted to subscribe up to 28,868 £1 ordinary shares at a price of £12 10 per share exercisable between 1 November 2009 and 1 January 2017

At 30 April 2007 options to subscribe up to 44,027 further £1 ordinary shares at a price of £12 10 per share exercisable between 1 May 2008 and 9 January 2016 were also outstanding

### 9 RESERVES

	Profit and loss account £	Share Premium £	Share option reserve £	Employees trust £	Total £
At 1 May 2006 (as restated)	(450,585)	1,238,250	126,250	(254,100)	659,815
Prior year adjustment	(88,375)				(88,375)
	<u>(538,960)</u>				<u>571,440</u>
Loss for the year	(48)				(48)
Transfer from share option reserve	126,250	-	(126,250)	-	-
Cash share issue	-	12,500	-	-	12,500
At 30 April 2007	<u>(412,758)</u>	<u>1,250,750</u>	<u>-</u>	<u>(254,100)</u>	<u>583,892</u>

# Cliniserve Holdings Limited

## Notes to the Financial Statements for the Year Ended 30 April 2007 - continued

### 10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30 4 07	30 4 06 as restated
	£	£
(Loss)/Profit for the financial year	(48)	234,447
Issue of shares	25,000	63,000
Share option expense (Note 11)	-	66,447
Cost of shares purchased by trust	-	(254,100)
<b>Net addition to shareholders' funds</b>	<b>24,952</b>	<b>109,794</b>
Opening shareholders' funds (originally £1,317,065 before prior year adjustment of £(88,375) as per Note 11)	<u>1,228,690</u>	<u>1,118,896</u>
<b>Closing shareholders' funds</b>	<b><u>1,253,642</u></b>	<b><u>1,228,690</u></b>
Equity interests	<u>1,253,642</u>	<u>1,228,690</u>

### 11 PRIOR YEAR ADJUSTMENT

The prior year adjustment of £88,375 shown in the Statement of Total Recognised Gains and Losses for the year ended 30 April 2007 and in Note 9 represents the intrinsic cost, net of tax relief, to the company as at 30 April 2006 of options to subscribe up to 12,500 £1 ordinary shares at a price of £2 per share. These options had vested but had not been exercised.

This cost has been calculated on the basis of an estimate by the directors that £12.10 was the fair value of a £1 ordinary share throughout the period from 30 April 2005 to 30 April 2007 as a result of which the intrinsic value of each share option exercisable at a subscription price of £2 per share was £10.10. The restated comparative Balance Sheet as at 30 April 2006 and Note 9 include a share option reserve of £126,250 in respect of the intrinsic value of the options over 12,500 shares. This restated comparative Balance Sheet and Note 6 includes within Debtors a deferred tax asset of £37,875, being the tax relief arising on the exercise of these options at their estimated intrinsic value. The restated comparative Profit and Loss Account for the year ended 30 April 2006 recognises £66,447 of the £126,250 as an administrative expense in that year. £59,803 was recognised similarly prior to that year.

The options to subscribe 12,500 shares were exercised in full during the year ended 30 April 2007 and all the shares were sold for £12.10 each shortly after allotment. The share option reserve was therefore transferred in full to the Profit and Loss Reserve (see Note 9).

### 12 SHARE-BASED PAYMENTS

Details of share options to subscribe £1 ordinary shares outstanding at 30 April 2007 are stated in Note 8. All these options had an exercise price of £12.10. Since the directors estimate that £12.10 was the fair value of a £1 ordinary share at 30 April 2007, no expense or other adjustment relating to the intrinsic value of these share options has been accounted for in the year ended 30 April 2007.

### 13 EMPLOYEES TRUST

At 30 April 2007, the net assets of the Cliniserve Employees Share Trust ('the Employees Trust') which the company established on 29 March 2006 comprised 21,000 £1 Ordinary shares, which it had purchased for £254,100, and £1,900 in cash.

### 14 ULTIMATE CONTROLLING PARTY

There is no single shareholder with majority voting rights.

**Clmserve Holdings Limited**

**Notes to the Financial Statements  
for the Year Ended 30 April 2007 - continued**

**15 RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	30 4 07	30 4 06 as restated
	£	£
Operating (loss)/profit	(4,407)	134,311
Share option expense	-	66,447
Increase in debtors	(5)	(4)
(Decrease)/Increase in creditors	<u>(11,179)</u>	<u>37,379</u>
<b>Net cash (outflow)/inflow from operating activities</b>	<u><b>(15,591)</b></u>	<u><b>238,133</b></u>

**16 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	30 4 07	30 4 06 as restated
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	38	65
Interest paid	<u>-</u>	<u>-</u>
<b>Net cash inflow for returns on investments and servicing of finance</b>	<u><b>38</b></u>	<u><b>65</b></u>
<b>Financing</b>		
Proceeds of share issue	25,000	63,000
Cost of shares purchased by employees trust	-	(254,100)
Movement in amounts owed to subsidiary company	<u>(51,636)</u>	<u>(125,324)</u>
<b>Net cash (outflow) from financing</b>	<u><b>(26,636)</b></u>	<u><b>(316,424)</b></u>

**17 ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 5 06 (as restated)	Cash flow	At 30 4 07
	£	£	£
Net cash			
Cash at bank and in hand	<u>2,763</u>	<u>7</u>	<u>2,770</u>
	<u>2,763</u>	<u>7</u>	<u>2,770</u>
<b>Total</b>	<u><b>2,763</b></u>	<u><b>7</b></u>	<u><b>2,770</b></u>